

Educational Loan Notes

Monthly Newsletter



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November 2008

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DEFAULT AVERSION SYMPOSIUM IV RECAP

"Financial Literacy and Student Success" was the focus of the Michigan financial aid community as they participated in the fourth installment of the Default Aversion Symposium Series that was held on Wednesday, October 22, 2008. MGA developed the symposium series after Federal Student Aid launched a statewide default prevention project to engage schools, lenders, and guarantors to develop or enhance default prevention activities.

In conjunction with the Michigan Statewide Default Prevention Project that began in 2006 and the united goal that we all share in ensuring that Michigan students avoid loan default, this installment built on the third symposium's introduction of student success. Increasingly, research indicates that the key to default prevention is having students stay in school and complete their programs or degrees. The keys to student success lie in a successful foundation of strong classroom skills and financial literacy. This symposium comprised nationally recognized and local authorities in the areas of student success and financial literacy.

Mary Stuart Hunter, Assistant Vice Provost, University 101 Programs and the National Resource Center for The First-Year Experience and Students in Transition, University of South Carolina, began the morning with a presentation entitled College Student Success: A Primer." Ms. Hunter's work centers on providing educators with resources to develop personal and professional skills while creating and refining innovative programs to increase undergraduate student learning and success. Ms. Hunter asks, "What still needs to be done? What must we do?" She explains that we seriously need to address the continuing unacceptable levels of student attrition and focus more on student learning and success than on retention. Everyone needs to make student learning more central to their institutional mission and develop partnerships and collaborative efforts across campus to assist students.

Erica Tobe, MSW, Program Leader in Youth Financial Literacy for Michigan State University Extension - Children, Youth, Families, and Communities, discussed the National Endowment for Financial Education (NEFE) High School Financial Planning Program®. Ms. Tobe is the Michigan state representative for the NEFE High School Financial Planning Program. She also serves on the Michigan Jump\$tart Coalition. She explained that the NEFE program is free and promotes financial literacy for high school students. This program is easily adaptable for middle school students, college students, and adults who want to understand the basics of managing their money as a way to make wiser financial decisions. The NEFE Web site is located at <http://www.nefe.org>. The program consists of the following seven units:

- Unit One - Your Financial Plan: Where it all Begins
- Unit Two - Budgeting: Making the Most of Your Money
- Unit Three - Investing: Making Money Work for You
- Unit Four - Good Debt, Bad Debt: Using Credit Wisely
- Unit Five - Your Money: Keeping it Safe and Secure
- Unit Six - Insurance: Protecting What You Have

- Unit Seven - Your Career: Doing What Matters Most

NEFE is the only national foundation wholly dedicated to improving the financial well-being of all Americans.

David Dieterle, President, Michigan Council on Economic Education (MCEE), joined Ms. Tobe to discuss activities of MCEE. Dr. Dieterle is a nationally recognized Teaching Fellow for the Foundation for Teaching Economics "Right Start" and "Economics and the Environment" Institutes. MCEE is part of a network of state councils and university-based centers promoting economic literacy. Dr. Dieterle mentioned several resources that have been developed to help promote and advocate economic education. The MCEE Web site is located at <http://www.mceeonline.org>. Some resources are:

- MoneySmart Kids for Life
- The Stock Market Game
- EntrePrep Summer Institute
- EconChallenge Online
- Virtual Economics

Ms. Rosella Bannister, Principal, Bannister Financial Education Services, LLC and Anne Bannister, Executive Director, Personal Finance Education Services, lead the afternoon session. Ms. Bannister guided the audience through the inaugural Survey of Personal Financial Literacy among College Students from the JumpStart Coalition Student Surveys. There were 1,030 full-time college students that participated with a mean score of 62.2 percent. The 2008 survey summary is as follows:

- Financial literacy scores of high school seniors have fallen. This may be due in part to unusual economic events.
- College freshmen are more financially literate than high school seniors.
- Literacy increases with more years of education.
- Financial literacy relates more to academic qualifications and achievement than to courses in personal finance.
- Differences in financial literacy by race and income show significant inequality, suggesting the need to consider alternative approaches.

Ms. Anne Bannister discussed the JumpStart Personal Finance Clearinghouse. She mentioned that it is a virtual library that helps people find personal finance materials. It is a free-access database with 750 titles, 350 of which are free titles, and it is updated annually. This resource is located at <http://www.jumpstart.org/search.cfm>. Some of the key content areas are:

- Financial responsibility and decision making
- Income and careers
- Money management
- Credit and debt
- Risk management and insurance
- Saving and investing

In addition to the JumpStart Personal Finance Clearinghouse and the NEFE Web site, many additional resources were provided throughout the day. MGA has begun the process to update its [Default Aversion and Student Retention Database](#) with many of these resources. To access the database, from our home page (www.mgalan.com), click on the "Financial Aid Professionals" tab on the left margin, then click on Default Aversion and Student Retention under "Featured Resources." This is where highlights of the entire symposia series are located, as well.

MGA has symposium manuals available. If you would like one, please contact Stacy Cardwell in the School Services Unit at 1-800-642-5626, extension 36074, or at cardwells@michigan.gov.

MGA PLANS LENDER TRAINING TO FOCUS ON CHANGES TO FEDERAL REGULATIONS

The Michigan Guaranty Agency is pleased to announce an online training opportunity for lenders that will address important changes to the Federal Family Education Loan Program brought about by recent legislation. The training event is scheduled for Tuesday, December 16, 2008, from 1:30 - 3:00 p.m. The webinar will focus on the Higher Education Opportunity Act and the College Cost Reduction and Access Act, both of which impact lenders originating/holding FFELP loans.

Further information, including instructions to access the webinar, will be sent to our lending partners shortly. In the meantime, be sure to mark your calendars for this important training event.

LENDERS NOW HAVE OPTION TO REVIEW AND OVERRIDE ADVERSE CREDIT IN OPENNET

A new service is available for lenders subscribed to OpenNet which offers them the option to view all adverse credit documentation and to make their credit determinations online, with the ability to update the pending credit status to "lender overridden" or "lender denied." A query is also available to allow lenders to filter on different credit statuses.

This new online option eliminates the need for paper credit denial packets, with the potential of saving both time and money by streamlining the credit review process.

One thing to consider, however, is that when a borrower's credit is in a pending status it must be reviewed through OpenNet within a predetermined timeframe (between 5-15 days) or the loan will automatically be denied.

If you would like to take advantage of this new electronic option, or if you are not currently using OpenNet but would like to subscribe, please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at frommp@michigan.gov.

U.S. SECRETARY OF EDUCATION MARGARET SPELLINGS TAKES STEPS TO ENSURE STUDENTS CONTINUE TO HAVE UNINTERRUPTED ACCESS TO FEDERAL STUDENT AID

The U.S. Department of Education is ensuring students and their families continue to have uninterrupted and timely access to federal student loans by taking steps to maintain stability in student lending through both the Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program.

"We recognize that the current economic situation has created real financial challenges for students and their families, who are increasingly concerned about how they can secure loans to help cover college costs," said Secretary Spellings. "I want to reassure students and their families that federal student aid – both grants and loans – remains available to eligible students."

As credit markets for student loans continue to tighten, there is a growing concern among schools, students, and lenders about the availability of funds for the 2009-10 academic year. With lenders currently committing loan volume to schools for the upcoming academic year, the Department of Education, in coordination with the Treasury Department and the Office of Management and Budget, is using the authority of the extended Ensuring Continued Access to Student Loans Act.

"The unprecedented credit market conditions throughout the past several months have clearly impacted the student loan market. These necessary measures will allow for more liquidity in this market and should help to prevent the financial turmoil from hurting opportunities for our students," said Treasury Secretary Henry M. Paulson, Jr.

The Department of Education will replicate for the 2009-10 academic year the successful loan purchase and participation interest programs announced in May 2008 for the 2008-09 school year. To date, these programs have supported nearly 50 percent – or \$8.7 billion – of the FFELP loans disbursed thus far this year.

In addition, the Administration intends to provide liquidity support to one or more conforming Asset-Backed Commercial Paper (ABCP) conduits to purchase and provide longer-term financing for FFELP loans. While details of this conduit are forthcoming, it is intended that all fully disbursed non-consolidation FFELP loans awarded between October 1, 2003, and July 1, 2009, will be eligible for inclusion. Loans in the conduit will be financed with new issues of Asset-Backed Commercial Paper. Support for the program will come from the U.S. Department of Education, which will enter into a forward commitment to purchase eligible student loans from the conduit in the future at a prearranged price. These programs will protect taxpayers by ensuring there is no net cost to the federal government.

The Administration is working diligently on these programs so that students and their families can be assured that federal funds will continue to be available to help pay for higher education and ensure that our students will be better prepared to pursue their dreams in today's competitive global economy.

For more information on these programs, please view the fact sheet at <http://www.ed.gov/students/college/aid/ecasla-facts.html>.

REALLY SIMPLE SYNDICATION

MGA has added an RSS feed to the "Highlights" area on the main MGA homepage. So what exactly is an RSS feed? RSS is a format for delivering regularly changing Web content. Many news-related sites, weblogs, and other online publishers syndicate their content as an RSS feed to whoever wants it. The initials "RSS" are used to refer to the following formats: "Really Simple Syndication (RSS 2.0)," "RDF Site Summary (RSS 1.0 and RSS 0.90)," or "Rich Site Summary (RSS 0.91)."

RSS solves a problem for people who regularly use the Web. It allows you to easily stay informed by retrieving the latest content from the sites you are interested in. You save time by not needing to visit each site individually. You ensure your privacy by not needing to join each site's email newsletter. In this instance, you would be notified anytime MGA adds a new item to the Highlights area of its Web site. The number of sites offering RSS feeds is growing rapidly and includes big names like Yahoo News.

But why do RSS feeds [look like a jumbled mess](#) when I click on them with most Web browsers? It's because RSS feeds are meant to be read by machines rather than people. Software and Web sites can understand the data contained in RSS feeds and make it available to people on personalized Web sites through software known as news aggregators, even through email. So when you aggregate RSS feeds, you're having a computer collect content from many different Web sites and organize it in a convenient place for you to read. Rather than going to a dozen different Web sites hunting for new content, you can then go to a single Web site or use a piece of software that brings the content directly to you. Think of it as a way of creating a collection of personalized news wire services that arrive at your doorstep multiple times a day.

RSS feeds can be read using [software](#) called an "RSS reader," "feed reader," or "[aggregator](#)," which can be [Web-based](#) or [desktop-based](#). A standardized [XML](#) file format allows the information to be published once and viewed by many different programs. The user subscribes to a feed by entering the feed's [URI](#) (often referred to non-technically as a URL) into the reader or by clicking an RSS icon in a browser that initiates the subscription process. The RSS reader checks the user's subscribed feeds regularly for new work, downloads any updates that it finds, and provides a [user interface](#) to monitor and read the feeds. A [variety of RSS Readers](#) are available for different platforms. Some popular feed readers include [Amphetadesk](#) (Windows, Linux, Mac), [FeedReader](#) (Windows), and [NewsGator](#) (Windows - integrates with Outlook). There are also a number of Web-based feed readers available. [My Yahoo](#), [Bloglines](#), [SharpReader](#), and [Google Reader](#) are popular Web-based feed readers.

Once you have your Feed Reader, it is a matter of finding [sites that syndicate content](#) and adding their RSS feed to the list of feeds your Feed Reader checks. Many sites display a small icon with the acronyms RSS, XML, or RDF to let you know a feed is available.

The following Michigan Department of Treasury Student Financial Services Bureau links are available for an RSS feed:

- <http://www.michigan.gov/mistudentaid> - Highlights section of the main bureau homepage.
- http://www.michigan.gov/mistudentaid/0,1607,7-128-38195_39200---,00.html - MGA Highlights section
- http://www.michigan.gov/mistudentaid/0,1607,7-128-38195_39202---,00.html – Office of Scholarships and Grants News section
- http://www.michigan.gov/mistudentaid/0,1607,7-128-38195_39201---,00.html - MHESLA Highlights section
- <http://www.michigan.gov/mistudentaid/0,1607,7-128-38191---,00.html> - Highlights section
- <http://www.michigan.gov/mistudentaid/0,1607,7-128-38193---,00.html> - Highlights section

To add a feed to your reader, simply find the URL of the RSS feed on the Web site or blog you want to track. Sometimes the URL will be given to you; other times you may need to right-click on the RSS icon and select "copy link location" or similar command. Then simply paste this URL into your reader "Add Feed" window and the ten latest news feeds will automatically be downloaded (webmasters may choose more or less than ten).

If you would like to view a plain English video that explains RSS, go to <http://www.youtube.com/watch?v=0klqLsSxGsU>.

In the event that you would prefer some hands-on assistance during the process of getting set up for RSS feeds, you may contact Jim Swisk in MGA's School Services Unit at 1-800-642-5626, extension 37121.

UPDATED PUBLICATION NOW AVAILABLE

The 2008-2009 [Paying for College in Michigan](#) (Paying for College) publication has been updated and is now available online at www.michigan.gov/studentaid.

[Paying for College in Michigan](#) provides specific information outlining the financial aid application procedures, and it provides descriptions of the state of Michigan's financial aid programs and the federal government's programs.

The publication is available in paper form as well as online. If you wish to place an order, contact Lucy Sciotti at sciottl@michigan.gov or by phone at 1-800-642-5626, extension 37054.

The [Michigan Postsecondary Handbook](#) is also available online at www.michigan.gov/studentaid. Access to the handbook can be found in the Quick Links list on the right side of the page. A limited number of paper copies are available. Contact Patty Hill at hillpl@michigan.gov or at extension 36051 with any questions pertaining to the handbook or ordering.

COLLEGE GOAL SUNDAY 2009

Mark your calendar for College Goal Sunday on February 8, 2009, from 2:00 p.m. to 4:00 p.m. This event is free to the public and provides an excellent opportunity for parents and students to receive professional assistance with completing the Free Application for Federal Student Aid (FAFSA). Following is a list of informational items necessary for filing the FAFSA:

- Social Security numbers
- Driver's license
- Alien Registration Card, if applicable
- 2008 federal income tax return for student(s) and parent(s)
- 2007 federal income tax return – if 2008 has not been completed
- 2008 untaxed income records
- 2008 bank statements
- 2008 business and investment information

For more information on College Goal Sunday and a list of host sites, please go to www.miccollegegoal.org or call 1-800-832-2464.

ED PIPELINE

MGA is providing you with descriptions and links to some of the most recent announcements for schools and lenders from the U.S. Department of Education (ED).

- [11/12/2008](#) Availability of 2009-2010 SAR Comment Codes and Text Guide
- [11/10/2008](#) Letter from Education Secretary Margaret Spellings Regarding the Extension of the Ensuring Continued Access to Student Loans Act.
- [11/10/2008](#) Reminder - Upcoming Impact on Funds Availability for Campus-Based, ACG, National SMART Grant, Pell Grant, TEACH Grant, and Direct Loan Programs (G5 and COD System)
- [11/07/2008](#) COD Processing Update
- [11/07/2008](#) Implementation of Redesigned IFAP Web Site Planned for November 23, 2008
- [11/07/2008](#) Update on FTC "Red Flags Rule" that Applies to Institutions Participating in the Perkins Program
- [11/06/2008](#) Web Site Outages Planned for November 8, 15, and 23, 2008
- [11/06/2008](#) Number of Applications Received by State for 2007-2008 and 2008-2009: Report Modification
- [11/06/2008](#) Number of Applications Received by School by Source for 2007-2008 and 2008-2009
- [11/05/2008](#) Reminder: Submit 2008-2009 SAR and ISIR Corrections by January 11, 2009 in Preparation for 2009-2010 Renewal Reminder Distribution
- [11/05/2008](#) Availability of 2009-2010 Student Web Application Products Process Guide
- [11/03/2008](#) Availability of 2009-2010 Federal School Code List of Participating Schools

10/31/2008	COD Processing Update
10/27/2008	2008-2009 ISIR Reprocessing on October 31, 2008 for DHS Match Issue Impacting ARNs Beginning With "06"
10/24/2008	2009-2010 COD Technical Reference Now Available
10/24/2008	Availability of 2009-2010 Summary of Changes for the Application Processing System Guide
10/24/2008	Letter to Campus Presidents Related to Responding to Natural and National Disasters
10/24/2008	COD Processing Update
10/23/2008	Emergency Outage Alert - Emergency Patch Installation Requires Outages of Department of Education Web Sites and Systems
10/22/2008	Availability of Updated 2008-2009 Application Processing System Specifications for Software Developers
10/22/2008	Availability of Updated 2009-2010 Application Processing System Specifications for Software Developers
10/22/2008	COD Computer-Based Training Now Available
10/22/2008	Availability of 2009-2010 EDE Technical Reference (Final Draft)
10/21/2008	Availability of New TDClient for Windows Software for SAIG Transmissions
10/17/2008	Active Confirmation Required By December 15, 2008 For TG Numbers and FAA Access to CPS Online Users

UPDATES TO MGA'S PARTICIPATING LENDER LIST

MGA has updated its Participating Lender List to provide the most current information available regarding our FFELP lending partners. This revised list is updated regularly on our Web site at mgaloan.com, with the date and time of the last update noted next to the link. The link may be accessed from our home page under MGA Highlights.

When downloaded, this Excel document will allow users to sort information by lender code, lender name, servicer, etc. It also provides information regarding additional lending criteria a lender may currently be utilizing.

If you have any questions regarding the revised Web-based list, please contact Pat Fromm at 1-800-642-5626, extension 36076, or via email at frommp@michigan.gov.

The following lender changes have occurred since the last issue of *Educational Loan Notes* and are reflected on the updated Participating Lender List. Please note that MGA can speak only to a lender's relationship with our agency. If you have questions regarding a lender's participation with another guarantor, we recommend you contact that lender or guarantor directly.

Reactivation of Lender Participation

National Education ELT Zions Bank, 834378, is once again participating in FFELP with MGA.

Lender Name Change

HACU Educational Loan Program, 833501, has changed its name to Hispanic Education Loan Program.

No Longer Participating

The following lenders are no longer participating:

- 805885 Commercial National Bank of L'Anse
- 819873 SunTrust Bank
- 820564 SunTrust Bank

UPDATES TO MGA'S ACTIVE MICHIGAN SCHOOL LIST

Information has been received from schools regarding recent changes that should be recorded by lenders on MGA's "Active Michigan School List" dated July 29, 2008. If you have any questions regarding these updates, please contact Stacy Cardwell at 1-800-642-5626, extension 36074, or via email at cardwells@michigan.gov.

Contact Information Update

Everest Institute, Detroit, 009828-03

For assistance, contact Dedra Naylor, Finance Specialist. Dedra's telephone number is 313-567-5350, fax number is 313-567-2095, and email address is dwilliam@cci.edu.

Email Address Change

North Central Michigan College, Petoskey, 002299-00

Virginia Panoff's email is now vpanoff@ncmich.edu.

"Q" & "A"

Family Education Rights and Privacy Act (FERPA)

What is FERPA?

FERPA is the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g; 34 CFR Part 99), a federal law that protects the privacy of student education records. The law applies to all schools that receive funds under an applicable program of the U.S. Department of Education.

What is an "eligible student"?

FERPA gives parents certain rights with respect to their children's education records. These rights transfer to the student when he or she reaches the age of 18 or attends a school beyond the high school level. Students to whom the rights have transferred are "eligible students."

Since FERPA protects the privacy of student education records, is a school required to have permission from the eligible student to disclose information?

FERPA covers information and disclosure of education records. Generally, schools must have written permission from the parent or eligible student in order to release any information from a student's education record.

Are there any circumstances where a school may disclose records without consent from the eligible student?

FERPA allows schools to disclose records, without consent, to the following parties or under the following conditions (34 CFR § 99.31):

- School officials with legitimate educational interest;
- Other schools to which a student is transferring;
- Specified officials for audit or evaluation purposes;
- Appropriate parties in connection with financial aid to a student;

- Organizations conducting certain studies for or on behalf of the school;
- Accrediting organizations;
- To comply with a judicial order or lawfully issued subpoena;
- Appropriate officials in cases of health and safety emergencies; and
- State and local authorities, within a juvenile justice system, pursuant to specific state law.

Schools may disclose, without consent, "directory" information such as a student's name, address, telephone number, date and place of birth, honors and awards, and dates of attendance. However, schools must tell parents and eligible students about directory information and allow parents and eligible students a reasonable amount of time to request that the school not disclose directory information about them. Schools must notify parents and eligible students annually of their rights under FERPA. The actual means of notification (special letter, inclusion in a PTA bulletin, student handbook, or newspaper article) is left to the discretion of each school.

Excerpts taken from U.S. Department of Education, [ED.gov Policy](#).

CALENDAR OF UPCOMING EVENTS

Following is a list of upcoming events of interest to the financial aid community. If you have any items that you would like to see added to our calendar, please contact Jim Peterson at 1-800-642-5626, extension 36944, or via email at peterstonj@michigan.gov.

November 2008

27-28 MGA Offices Closed

December 2008

2-5 [Federal Student Aid Conference](#)
Paris Las Vegas
Las Vegas, Nevada

16 MGA Lender Webinar
1:30-3:00 p.m.

24-25 MGA Offices Closed

31 MGA Offices Closed

January 2009

1 MGA Offices Closed

19 MGA Offices Closed

25-28 [MSFAA Winter Training](#)
The Ritz-Carlton
Dearborn, Michigan
